

Community Foundation Research and Training Institute

PO Box 86

Grabill, IN 46741

[www.cfrti.com](http://www.cfrti.com)

cfrtinstitute@gmail.com

*(260) 804-5617*

# Knowledge Nugget #5 – Fund Development – The Basics

# *Quiz Questions*

1. According to IRS regulations, because a community foundation is a qualified 501-c-3 organization, you must accept any gift offered by a donor. True or false?

*False.* A community foundation has the discretion to limit the types of gifts they will accept.

1. As a tax exempt organization, a community foundation nevers pays federal taxes on any of its activities. True or false?

*False.* There are some gifts and activities that will require a community foundation to file a Form 990-T and possibly pay taxes.

1. Which of the following could result in a community foundation having to pay unrelated business income taxes?
	1. A gift of 500 shares of Apple stock, and a divided is received before the stock can be sold.
	2. A donor gives 20% ownership in his business to the community foundation, via the transfer of Subchapter S stock.
	3. A donor creates a charitable gift annuity that will pay the donor $6,000 annually for the rest of the donor’s life.
	4. A farmer transfers ownership of grain in an elevator to a community foundation prior to the sale of the grain

The answer is *b. A donor gives 20% ownership in is business to the community foundation, via the transfer of Subchapter S stock.*

1. Which of the following is **not** required on a tax receipt issued to a donor as documentation of a charitable gift?
	1. The amount of the gift.
	2. The social security number of the donor.
	3. The date of the gift.
	4. A statement that no goods or services were provided by the organization in return for the contribution, if that was the case.

The answer is *b. The social security number of the donor*.

1. Because so few donors itemize their taxes, there is no longer any need to send a tax receipt to a donor who sends in a charitable gift. True or false?

*False.* You don’t know who will itemize their taxes, so all gifts over $250 require documentation. In addition, the new $300 “above the line” deduction will be available to donors who do not itemize.

1. Which of the following typical elements to be included in a community foundation’s gift acceptance policies?
	1. Who has the authority to negotiate terms of a gift?
	2. What procedures must be conducted before accepting a gift of real estate
	3. Whether or not you community foundation will offer charitable gift annuities
	4. All of the above

The answer is *d. All of the above*.

1. A donor creates a scholarship fund with a $1 million gift. As part of the fund agreement, the donor insists on adding a provision stating that they can get the money back if they are dissatisfied with the way the fund is administered. So long as the donor never demands that the money be returned, this is a completed gift and the donor can deduct this gift for tax purposes. True or false?

*False.* The fact that the community foundation agreed to return the money in certain circumstances is a material restriction, even if the money is never actually returned. Because this is a material restriction, this is not a completed gift and no tax deduction is allowed.

1. A community foundation must disclose on their Form 990 whether or not they have a gift acceptance policy. True or false?

*True.*